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SUBJECT: DAS DICARLO AND EU DISCUSS W. BALKANS

Classified By: Political Officer Vincent Carver for reasons 1.5 (b/d).

SUMMARY

1. (C) DAS Rosemary DiCarlo and Kosovo Desk Officer Black discussed the Western Balkans with the UK Presidency and EU officials at the U.S.-EU COWEB Troika meeting in Brussels November 29. DAS DiCarlo highlighted the EU accession process as a catalyst for reform in the region but noted that countries, particularly SaM, had to cooperate fully with ICTY, including delivering Mladic to The Hague. DAS DiCarlo and the EU agreed that a Montenegrin referendum on independence would have to be seen by all parties as legitimate and free and fair. On Kosovo, the UK Presidency noted that Belgrade and Pristina continue to maintain hard lines, making it difficult to identify the parameters for compromise. DAS DiCarlo pressed for U.S. participation in steering group discussions on the transition of the international civilian presence in Kosovo; the UK and the Council General Secretariat expressed surprise that the U.S. was not being included. EU officials said that BiH had made "just enough progress" for Stabilization and Association Agreement (SAA) negotiations to have begun November 25 and stressed their desire to be involved in BiH constitutional reform. According to the EU, Solana may informally announce December 12 that Schwartz-Shilling will replace Ashdown as High Representative in Sarajevo. The UK Presidency expressed "cautious optimism" that the European Council would approve EU candidate status for FYROM at the December European Council while noting that no date would be set to begin accession negotiations. The EU and Albania may sign an SAA as early as January. DAS DiCarlo noted continued U.S. pressure on Zagreb to deliver Gotovina to The Hague. Participant list para 16. END SUMMARY

THESSALONIKI AGENDA ON TRACK

2. (C) Commission Enlargement official Axel Wallden reviewed the Thessaloniki Agenda, noting that the Commission had determined the individual performances of each of the Western Balkan states had been at least "good enough" to receive the Commission's recommendation to move a step further on the path to accession: opening accession negotiations with Croatia and Stabilization and Association Agreement (SAA) negotiations with BiH and SaM, as well as recommending candidate status for FYROM. Wallden noted that fostering regional cooperation, including on energy, and negotiating a regional free trade agreement under the auspices of the Stability Pact, remained EU goals. As part of the EU's enlargement strategy, it is providing each candidate country precise guidance on reforms it needs to enact and implement in order to move forward on accession.

3. (C) Austrian MFA Director for the Western Balkans Thomas Schnoell noted that EU FMs and their Western Balkan counterparts will meet on the margins of the Gymnich informal ministerial in Salzburg in March to identify where the EU and the Western Balkans can promote further reform and integration. Specific topics could include visa facilitation for specific categories of travelers and the promotion of regional trade. According to Schnoell, the "time is right" to sign the SAA with Albania and SAA negotiations with BiH and SaM could conclude in approximately one year if they "deliver" on pledges to reform. Although not raising the bar, ensuring compliance with EU conditions, he added, is even more vital given the results of the Dutch and French referenda on the draft EU constitution.

SUPPORT SAM BUT INSIST ON COOPERATION WITH ICTY

4. (C) DAS DiCarlo reviewed U.S. efforts to support SaM but expressed concern over Belgrade's stalled cooperation with ICTY, including the fact that Mladic remains at large. In addition, the U.S. is looking to DefMin Stankovic to implement promised personnel reform, she added. DAS Di Carlo also lamented the lack of a genuinely reform-minded government in Belgrade. She added that PfP would remain blocked to SaM as long as Mladic remains at large. On Montenegro, DAS DiCarlo noted the U.S. message to Podgorica that ICTY commitments apply to Montenegro as well as to Serbia. DAS DiCarlo underscored the need for Djukanovic to engage the Montenegrin opposition on this issue. She also emphasized that any referendum must meet clear international

standards and be seen by all parties as legitimate.

15. (C) UK FCO Director for Eastern Adriatic Affairs Karen Pierce noted that the EU shared a similar analysis of SaM. The leadership in Belgrade were introspective and not fully engaged. The EU's SAA process, Pierce added, might energize SaM to tackle the full range of required political and economic reforms. She noted that the EU likely would not close negotiations on an SAA with Belgrade if it failed to cooperate further with ICTY. In this regard, Pierce underscored that the U.S. and the EU should consider an appropriate response should Belgrade not deliver Mladic to The Hague by the end of 2005 as Belgrade has pledged.

MONTENEGRIN REFERENDUM

16. (C) Pierce said that the EU had delivered a demarche to Podgorica noting that it would consider Serbia as the SaM's successor state should Montenegro declare independence. DAS DiCarlo voiced support for EU efforts to ensure that Montenegro followed international standards in the conduct of a possible referendum. The EU noted to Podgorica that the Stabilization and Association Process (SAP) likely would start over for Montenegro should independence be achieved. Alexandros Yannis of the Council Secretariat's Western Balkans Office stressed that the stability of SaM was key to regional stability. In this light, the EU is trying to help SaM as much as possible. Schnoell echoed these sentiments while Wallden stressed that an independent Montenegro would get no "fast track" toward EU accession, particularly given its weak governmental structures.

17. (C) Pierce noted that the EU might go beyond the Venice Commission's proposals and present stricter conditions for a referendum. DAS DiCarlo and Pierce agreed that Belgrade appears not to have understood how likely a Montenegrin referendum in 2006 is. Both noted the twin challenges facing Belgrade: (1) dealing with Montenegro and Kosovo simultaneously and (2) explaining the respective outcomes to the Serbian population.

KOSOVO: KEEP THE PROCESS MOVING

18. (C) According to Pierce, the EU has difficulty identifying where the parameters for compromise between Belgrade and Pristina are, given that both sides are maintaining hard lines and offering few specifics regarding final status. Pierce observed that, during or after the final status talks, the Serbian government could collapse, Kostunica could call new elections, and the Radicals could gain power. Therefore, the EU and the U.S. should continue efforts to persuade Belgrade of the benefits of integration with the transatlantic community.

19. (C) Yannis said the EU is pursuing a double track regarding Kosovo -- supporting final status talks while simultaneously planning for an EU role in post-final status Kosovo. He noted that the EU likely will assume some responsibilities, possibly including judicial reform and police support, as part of an international civilian presence in Kosovo following final status talks. Likewise, the EU may have residual functions in the economic sector, including monetary, fiscal and trade responsibilities. Yannis added that the Council will review such planning, including how to move the Kosovars toward adopting EU standards, at the December 12-13 FMs meeting. He said the EU may adopt a streamlined "European Partnership for Kosovo" document before the end of the year to, inter alia, help the Kosovars reorganize their working groups and focus on implementing reforms. Yannis concluded by noting that final status must provide Kosovo the ability to sign and ratify treaties. Otherwise, he reasoned, its commitment to pursue the accession path would be "thin."

110. (C) DAS DiCarlo emphasized the need for Kosovo to conclude agreements with IFIs. On a continued international civilian presence, DAS DiCarlo pointed to the U.S. desire to coordinate closely with the EU on planning, including in steering group set up in Kosovo. Pierce and Yannis expressed surprise that the U.S. was not being included in such discussions and agreed on the efficacy of including the U.S. Pierce observed that the question of future financial assistance will also have to be reviewed.

BiH: AN "INTERESTING YEAR"

111. (C) The EU participants noted that there had been "just enough progress" on the reform front for BiH to begin SAA negotiations with the EU. The Commission noted that the EU saw four broad challenges for BiH in the coming year: (1) police reform; (2) constitutional reform (Pierce and Commission officials voiced support for the U.S. Institute for Peace's (USIP) efforts and stressed that the EU would like a dialogue with the USG or the USIP to help the Bosnian

political parties meet their self-imposed deadline on constitutional reform); (3) defense reform and ICTY compliance and (4) the transition itself with the Bosnians taking full responsibility for their future.

12. (C) All agreed that Belgrade must not be allowed to use Kosovo final status as a pretext to reopen issues related to the Republika Srpska. Yannis emphasized that the EU will continue to seek the right balance among the Bosnian armed forces, the EU's police mission, and EUFOR. Pierce noted that German candidate Schwartz-Shilling appears to be gaining support among member states to replace High Representative Ashdown. Solana may make an informal announcement regarding Schwartz-Shilling at the December 12 FMs meeting. Schnoell noted that a Peace Implementation Council (PIC) or a PIC Steering Board may want to review the situation in BiH in May or June 2006. DAS DiCarlo emphasized that the EU's decision to begin SAA negotiations with BiH will provide impetus for further reforms and stressed that police reform must be implemented properly. She emphasized the need to implement police reform under the auspices of OHR since political support of the EU and the United States would be necessary to ensure implementation. DAS DiCarlo summarized the USIP's facilitation of Bosnian political leaders' discussions on political reform, the BiH leaders' meetings in Washington, and welcomed greater EU involvement to help keep the constitutional reform process on track.

FYROM: LIKELY EU "CANDIDATE," BUT NO ACCESSION TALKS YET

13. (C) Schnoell characterized EU and U.S. efforts to support stability and reform in Macedonia as a good example of transatlantic cooperation. Schnoell and Commission reps said FYROM has made much progress and has implemented the Ohrid Agreement. Council Secretariat official Hove noted that Solana had publicly endorsed FYROM for candidate status. Given this, Pierce noted that she is "cautiously optimistic" that the European Council will support the Commission's recommendation that FYROM receive candidate status, although accession negotiations would not begin soon. DAS DiCarlo said the U.S. viewed granting candidate status for Macedonia as a strong signal to reformers in Skopje and noted its need to make more progress on economic and judicial reform. DAS DiCarlo also emphasized the positive signal that granting candidate status to Macedonia would send to the entire region.

ALBANIA: SAA TO BE CONCLUDED SOON

14. (C) Commission officials observed that, given the "largely free and fair" elections and "enough progress" on the reform front, the EU likely would conclude SAA negotiations with Albania soon, possibly as early as January. While the SAA was in the ratification process, the EU would establish an interim agreement to outline continued reform requirements for Tirana. The Commission noted that PM Berisha, meeting with Commission President Barroso that same day, would receive encouragement for continued reform and messages that reform must take place in a legal framework. Tirana would also be encouraged to support final status talks for Kosovo but cautioned against getting overly involved in the process, given the ethnic Albanian angle. DAS DiCarlo supported the EU SAA process with Tirana, emphasizing that it helps strengthen democratic trends and electoral reforms.

OTHER BUSINESS: CROATIA; RHETORIC FROM BOSNIA

15. (C) DAS DiCarlo emphasized continued U.S. pressure on Zagreb to comply with its ICTY obligations and deliver Gotovina to The Hague. EU officials noted that the EU continues to monitor Croatian compliance. Yannis said rhetoric coming out of Bosnia practically accusing the entire population of the Republika Srpska of war crimes are unhelpful and the international community should seek to dampen such talk.

16. (U) PARTICIPANTS

U.S.

DAS Rosemary DiCarlo
Kosovo Desk Officer Joshua Black
USAID Advisor for Southeastern Europe Patricia Manso
USEU Poloff Vincent Carver

UK Presidency

FCO Director for the Western Adriatic Karen Pierce
UKEU Officer Rachel Goddard

Austria

MFA Director for Western Balkans Thomas Schnoell
Austrian EU Officer Gernot Pfandler

Commission

Enlargement Officer Therese Sobieski
Enlargement Officer Dirk Lange
Enlargement Officer Axel Wallden

General Secretariat
Western Balkans Officer (Kosovo) Alexandros Yannis
Western Balkans Deputy Director Lene Hove

17. (U) DAS DiCarlo has cleared this message.
MCKINLEY

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